

MADISON PARISH SCHOOL BOARD

Tallulah, Louisiana

**Annual Financial Audit
Including Management Discussion and Analysis
And Independent Auditor's Report
As of and For the Year Ended June 30, 2003**

With Supplemental Information Schedules

**JIMMIE SELF, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 • Fax (318) 388-0724**

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Annual Financial Report
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PART I

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2003

The Management's Discussion and Analysis (MD&A) of the Madison Parish School Board provides an overview and overall review of the School Board's financial activities for the fiscal year ended June 30, 2003. The intent of the MD&A is to look at the School Board's financial activities for the fiscal year ended June 30, 2003. It should, therefore, be read in conjunction with the Comprehensive Annual Financial Report's (CAFR) and the School Board's financial statements found in the Financial Section starting on Page 1, and the notes thereto.

The MD&A is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 – *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments* issued in June 1999. Certain comparative information between the current year (2002-2003) and the prior year (2001-2002) is required to be presented in the MD&A for State and Local Governments. However, since this is the first year of implementation of the new reporting model, certain necessary comparative information of the prior year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of prior year data in the year of implementation, the School Board has elected not to prepare comparative data.

Financial Highlights

Key financial highlights for the 2002-2003 fiscal year include the following:

- Net assets decreased by 405,921 for the f/y ended June 30, 2003. This represents a .018% decrease over f/y 2002.

Total revenues for the fiscal year amounted to 16,392,598. General revenues accounted for 3,035,369 or .185% of total revenues. Charges for services, operating grants and contributions, and, capital grants and contributions accounted for 16,392,598 of total revenue or .185 %.

Total expenses related to governmental activities for the f/y ended June 30, 2003, amounted to 16,798,498 of the expenses was offset by charges for services, operating grants, and contributions, and capital grants and contributions. The balance of the expenses of 16,485,863 was offset by general revenues made up mostly of property and sales taxes and state minimum foundation program funding. (MFP)

The General Fund, a major fund, decreased its fund balance by 653,331 to 4,972,335. This represents a 12% decrease (decrease) in fund balance. The increase (decrease) is due mainly to:

USING THE CAFR

The School Board's CAFR consists of a series of financial statements and the associated notes to those statements. These statements are organized so the reader can understand the operations of the School Board as a whole, i.e., an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial statements.

The "Basic Financial Statements" Section, consisting of the Statement of Net Assets, and the Statement of Activities), provide highly consolidated financial condition. They present an aggregate view of the School Board's finances as a whole and present a longer-term view of the School Board's finances. Also included in the financial statements are the Fund Financial Statements, which report on governmental activities of the School Board. These statements seek to answer the question, "How did the School Board do financially during the 2002-2003 fiscal year?" These statements include *all assets and liabilities* using the *accrual basis* of accounting used by most private-sector enterprises. The *accrual basis* takes into account all of the Board's current year revenues and expenses regardless of when paid or received. The General Fund is the School Board's most significant fund.

Reporting the School Board as a Whole Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and the Statement of Activities report information about the School Board as a whole and its activities in a way to try to inform the reader as to how the School Board did financially during the fiscal year 2003. In short, is the School Board better off financially or is it worse off financially than it was this time last year? These statements report all assets and liabilities of the School Board on the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School Board's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School Board as a whole, the financial position of the School Board improved or declined. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors affecting the School Board include the parish's sales and property tax bases and the state and federal government's continued funding.

The Statement of Net Assets and the Statement of Activities report the governmental activities of the School Board. Most of the School Board's programs and services are reported here including instruction, support services, operating and maintenance of plant, transportation, and feeding programs.

Reporting the School Board's Most Significant Funds

Fund Financial Statements also provide more in-depth data on the School Board's most significant funds, such as its General Fund, School Lunch Fund, and the federally funded Title I Program. These funds are considered "major funds" under GASB Statement No. 34. The relationship between governmental *activities* reported in the Basic Financial Statements and the governmental *funds* reported in the Fund Financial Statements are reconciled in the financial statements.

Governmental Funds

Most of the School Board's activities are reported as governmental funds, which focus on how much money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School Board's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance education programs. The relationship (or difference) between governmental activities (reported in Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

The School Board is Self-Insured for workers compensation. Transactions related to meeting the claims incurred in this area are accounted for in the Internal Service Proprietary Fund. Expenses in the Internal Service Fund are recognized as claims are incurred. Liabilities are recognized for incurred but unpaid claims. The Internal Service Proprietary Fund transactions are reported in a separate section consisting of a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

The School Board as Trustee

The School Board is the trustee, or fiduciary, for its Student Activity Funds – the Statement of Fiduciary Net Assets – presents financial information relative to assets held by the School Board on behalf of students and others in a position of trust, and accounted for in the School Activity Fund. See Schedule – for school-by-school information on the School Activity Fund. The School Board is responsible for ensuring that these assets are used for their intended purposes.

The School Board as a Whole

The School Board's Net Assets were 21,728,533. Of this amount, the School Board has restricted net assets of 2,069,787. Restricted Assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School Board's ability to use those net assets for day-to-day operations. The School Board's Net Assets also include 3,225,950 of designated balances. Designated balances have been designated by the School Board for specific uses. The following analysis focuses on the net assets and changes in the net assets of the School Board's governmental activities.

MADISON PARISH SCHOOL BOARD
6/30/03

TABLE I
GOVERNMENTAL ACTIVITIES
NET ASSETS (IN MILLIONS)

ASSETS	
CURRENT AND OTHER ASSETS	11,431,511
CAPITAL ASSETS	13,568,484
TOTAL ASSETS	<u>24,999,995</u>
LIABILITIES	
CURRENT AND OTHER LIABILITIES	2,108,952
LONG-TERM LIABILITIES	1,162,479
TOTAL LIABILITIES	<u>3,271,431</u>
NET ASSETS	

INVESTED IN CAPITAL ASSETS, NET OF DEBT	13,568,484
RETAINED EARNINGS	1,156,163
RESTRICTED	1,762,965
UNRESTRICTED:	
DESIGNATED	306,853
UNDESIGNATED (DEFICIT)	4,934,099
TOTAL NET ASSETS	21,728,564

GOVT ACTIVITIES TABLE I

The results of this year's operations for the School Board as a whole are reported in the Statement of Activities on page 19. Table 2 reports the information from the Statement of Activities in a different format so that total revenue for the year can be more easily identifiable.

TABLE 2
GOVERNMENTAL ACTIVITIES
CHANGES IN NET ASSETS
FISCAL YEAR ENDED JUNE 30, 2003
(IN MILLIONS)

Revenue:

Program revenues:	
Charges for services	138,646
General revenues:	
Ad valorem taxes	418,368
Sales taxes	1,306,826
State equalization - grants	9,326,166
Interest on investments	122,026
Federal income	3,469,431
Other general revenues	1,171,529
Compensated absences	187,581
Fixed assets	252,025
TOTAL REVENUES	16,392,598

Functions/Program Expenses:

Instruction:	
Regular programs	5,168,679
Special programs	2,282,822
Vocational programs	353,747
Other instructional programs	354,634
Adult/continuing education	44,816
Support Services:	243,309
Pupil support services	1,690,233
Instructional staff support services	939,215
General administration	667,689
School administration	924,780
Business services	274,067
Plant services	1,282,243
Student transportation services	657,821
Central services	1,560
Noninstructional services:	
Food services operations	1,458,929
Facility acquisition and construction	310,189
Compensated absences	38,187
Principal retirement (int free)	101,085
Other	4,486
TOTAL EXPENSES	16,798,491
CHANGE IN NET ASSETS	(405,921)

Governmental Activities

As reported in the *Statement of Activities* on page-, the cost of the School Board's governmental activities for the year ended June 30, 2003 was 16,797,611. However, not all of this cost was borne by the taxpayers of Madison Parish. Of this amount, 1,338,169 was paid by those who used or benefited from the services rendered (e.g., charges for school lunches and summer school tuition) and 2,386,785 was paid through various federal and state grants. Consequently, the net cost of 10,856,181 after taking into consideration these fees and subsidies, was paid by the taxpayers of the Parish through ad valorem taxes, sales and use taxes, the Minimum Foundation Program (MFP) from the State of Louisiana, and other general revenues.

Table 1 below shows the total cost of services and the net cost of these services (after charges for services and grants received for the largest categories of expenses of the School Board for the year ended June 30, 2003). The "net cost" presentation allows Parish taxpayers to determine the remaining cost of the various categories which were borne by them, and allows them the opportunity to assess the cost of each of these functions in comparison to the perceived benefits received.

Total and Net Cost of Governmental Activities
Year Ended June 30, 2003
(In Millions)

Total Cost	Net Cost
16,797,611	16,485,994

In the table below, we have presented the total cost of each of the School Board's five largest functions – regular programs, special education programs, school administration, plant services and food services, as well as each program's net cost (total cost less revenues generated by the activities). Net cost shows the financial burden that was placed on the School Board's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

TABLE 3
Year Ended June 30, 2003
Governmental Activities
(In Millions)

	Total Cost Of Services	Net Cost Of Services
Regular programs	5,168,679	5,168,679
Special education programs	2,282,822	2,282,822
School administration	924,780	924,780
Plant services	1,282,243	1,282,243
Food service operations	1,458,929	1,458,929
Subtotal	11,117,453	11,117,453
All others	5,681,037	5,368,411
Total	<u>16,798,498</u>	<u>16,485,864</u>

THE SCHOOL BOARD'S FUNDS

The School Board uses funds to control and manage money for particular purposes (e.g., dedicated taxes and grant programs). The Fund basis financial statements allow the School Board to demonstrate its stewardship over the accountability for resources provided by taxpayers and other entities. These statements also allow the reader to obtain more insight into the financial workings of the School Board, and assess further the School Board's overall financial health.

As the School Board completed the fiscal year ended June 30, 2003, its combined fund balance of 21,728,564, as compared to a combined fund balance of 22,134,485 as of June 30, 2002, a difference of only (405,921).

General Fund Budgetary Highlights

Over the course of the year, the School Board revises its budget to take into consideration significant changes in revenues or expenditures. Louisiana Revised Statute 39:1311 requires a budget amendment if either expected revenues are less, or anticipated expenditures are in excess of budgetary goals by 05 percent (–%) or more. The original budget for the School Board was adopted on 6/30/02 and the final budget amendment was adopted on 6/30/03.

A schedule showing the School Board's original and final budget compared with actual operating results is provided in this CAFR beginning with Schedule 1. The School Board generally did better than had been budgeted in its major funds since it practices conservative budgetary practices in which revenues are forecasted very conservatively and expenditures are budgeted with worst case scenarios in mind. The General Fund finished the fiscal year about 702,146 less than had been budgeted in terms of expenditures. Revenue-wise, the General Fund fared about 535,827 better than expected. The expenditure situation arose because some benefits from the federal government grants had not been budgeted. The revenue situation arose because of the receipt of unbudgeted grant

revenues received near the end of the fiscal year. This excess (deficit) will be rolled into beginning fund balance for the 2003-2004 fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2003, the School Board had approximately 13,317,359 invested in a broad range of capital assets, including land, buildings, furniture, vehicles, computers, and other equipment. Increases during the year represent additions to those categories, while decreases represent retirements of assets during the year. Table II below shows the net book value of capital assets at the end of the 2002-2003 fiscal years.

Table II
Capital Assets at
June 30, 2003 and June 30, 2002

	2003	2002
<u>Total Fixed Assets (No break-down is available At this time)</u>	13,568,484	13,317,359
Totals		

During the current fiscal year, \$252,025 of fixed assets were capitalized as additions while \$900 were deleted. No depreciation has been calculated for the first year of GASB 34 implementation, and the unavailability of a current inventory.

The only major capital asset project planned for the 2002-2003 fiscal year is the rebuilding of the burned out building of the school board.

At June 30, 2003 the School Board had long-term obligations of accrued sick leave. At June 30, 2003, this amounted to approximately 569,236. Vacation time must be used or is lost. Consequently, there is no accrual for this type of leave.

For the Future

The Madison Parish School Board is strong financially, even though the fund balance decreased in 2003.

CONTACTING THE SCHOOL BOARD'S FINANCIAL MANAGEMENT

While the CAFR is designed to provide full and complete disclosure of the financial condition and operations of the School Board, citizens groups, taxpayers, parents, students, other parish officials, investors or creditors may need further details. To obtain such details, please contact, Brenda Wilson, Business Manager, at the Madison Parish School Board Office, Post Office Box 1620, Tallulah, LA 71284, or by calling (318) 574-3616 during regular office hours, Monday through Friday, 8:00 a.m. to 4:00 p.m., central time.

BASIC FINANCIAL STATEMENTS

Jimmie Self, CPA, APAC
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, LA 71202
Phone (318) 323-4656 Fax (318) 388-0724

INDEPENDENT AUDITOR'S REPORT

Madison Parish School Board
Tallulah, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Madison Parish School Board and of and for the year ended June 30, 2003, which collectively comprise the School Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Madison Parish School Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as described in the following paragraph, I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

The School Board's fixed assets were not maintained in sufficient detail to form an opinion as to the accuracy of asset amounts and/or the inclusion or omission of all assets. I was unable to perform sufficient alternative procedures to satisfy me as to the fairness of fixed assets, although implementation of a new computer program to maintain a current year end is underway.


In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had I been able to satisfy myself as to fixed asset amounts, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison Parish School Board, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 29, 2003, on my consideration of the Madison Parish School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulation, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 35 through 37, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the

methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison Parish School Board basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical tables are presented for purposes of the combining and individual non-major fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I express no opinion on them.

A handwritten signature in cursive script that reads "Jimmie L. Self, CPA".

Jimmie L. Self, CPA
Monroe, Louisiana
December 29, 2003

Statement A**MADISON PARISH SCHOOL BOARD**
TALLULAH, LOUISIANA**Statement of Net Assets**
June 30, 2003__**ASSETS**

Cash and cash equivalents	6,193,922
Investments	1,307,388
Receivables	42,571
Receivables - general fund	485,130
Intervund Receivables - w/ c	31,434
Inventory	6,710
Due from Federal govt/state	1,347,107
Amt to be provided for long-term debt	1,832,801
Capital assets (net of accumulated depreciation):	13,568,484
Other	184,448
TOTAL ASSETS	24,999,995

LIABILITIES

Accounts	376,037
Salaries Payable	1,161,506
Deferred revenue	39,561
Due to General Fund	370,281
Long-term liabilities:	1,202,040
Due to others /wc	20,920
Due within one year	101,086
Due in more than one year	
Total Liabilities	3,271,431

NET ASSETS

Invested in capital assets, net of related debt	13,568,484
Restricted for:	
Capital Construction	1,193,698
Debt service	569,236
Other purposes	1,156,163
School Lunch fund	306,853
Unrestricted	4,934,099
TOTAL NET ASSETS	21,728,564

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2003

		PROGRAM REVENUES			NET (EXPENSE)
	EXPENSES	CHARGES FOR	CAPITAL	DEBT	REVENUE AND
		SERVICES	PROJECTS	SERVICE	CHANGES IN NET
					ASSETS
FUNCTIONS/PROGRAMS					
Governmental activities:					
Instruction:					
Regular programs	\$5,168,679	\$			\$5,168,679
Special programs	2,282,822				2,282,822
Vocational programs	353,747				353,747
All other programs	354,634				354,634
Adult/Cont Ed	44,816				44,816
Support services:	243,309				243,309
Student services	1,690,233				1,690,233
Instructional staff support	939,215				939,215
General administration	667,689	(38,882)			628,807
School administration	924,780				924,780
Business services	274,067				274,067
Plant services	1,282,243				1,282,243
Student transportation services	657,821				657,821
Central services	1,560				1,560
Food services	1,458,929				1,458,929
Capital outlay	310,189		(235,499)		74,690
Long-term debt-compensated absences	38,187			(38,187)	0
transfers and indirect costs	4,486				4,486
Bond Principal	101,085				101,085
Total Governmental Activities	\$16,798,491	(38,882)	(235,558)	(38,187)	16,485,864
Taxes:					
Property taxes, levied for general purposes					418,368
Property taxes, levied for debt services					1,306,826
Sales and use taxes, levied for general purposes					1,168,428
State revenue sharing					9,326,166
Other					82,255
Minimum Foundation Program					23,887
Interest and investment earnings					3,469,431
Meals					
Federal Sources					
Total general revenues and special items					15,795,361
Excess of revenues over expenses					(690,521)
Net assets - July 1, 2002					5,931,445
Net Assets, June 30, 2003					5,240,924

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

GOVERNMENTAL FUNDS

Balance Sheet
June 30, 2003

	#2	#22	#17	#19	#20	#26	#30	#31	OTHER	
GENERAL	School Lunch	Summer	Title I	Title I	Title I	Title VI	PL-94	PL-94	GOVERNMENTAL	TOTAL
FUND	FUND	FUND	FUND	FUND	FUND	Reduction	Fd	Proj	FUNDS	
							Prod	89/90		
ASSETS										
Cash and cash equivalents	3,401,619	565,478	31	24,676	(23,858)	14,642	-	-	(8,912)	3,973,676
Investments	1,183,759	-	-	-	-	-	-	-	-	1,183,759
Receivables	-	-	39,561	-	-	-	-	-	-	39,561
Receivables-general fund	477,999	4,701	-	-	2,430	-	-	-	-	485,130
Interfund receivables	-	-	-	-	-	-	-	-	-	-
Inventory	-	6,710	-	-	-	-	-	-	-	6,710
due from state/federal govt	678,253	-	-	-	337,323	46,086	150,231	-	45,256	1,347,107
fixed assets	-	-	-	-	-	-	-	-	-	-
Other Current Assets	162,937	-	-	-	-	-	-	-	-	162,937
TOTAL ASSETS	5,904,567	576,889	39,592	24,676	315,895	60,728	150,231	45,256	81,046	7,198,880
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts, and other payables	252,276	-	-	-	1,173	516	-	50,348	21,755	326,068
Salaries Payable	679,956	142,425	-	24,676	276,630	37,819	-	-	-	1,161,506
Due to General Fund	-	72,271	-	-	32,951	22,393	150,231	-	92,435	370,281
Deferred revenues	-	-	39,561	-	-	-	-	-	-	39,561
Bonds Payable/current	-	-	-	-	-	-	-	-	-	-
Due to summer feed	-	39,561	-	-	-	-	-	-	-	39,561
Due to others-workmens comp/summer feed	-	15,779	-	-	5,141	-	-	-	-	20,920
Total Liabilities	932,232	270,036	39,561	24,676	315,895	60,728	150,231	50,348	114,190	1,957,897
Fund balances:										
Reserved for:										
Debt service	-	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-	-
Capital construction	-	-	-	-	-	-	-	-	-	-
Unreserved:	-	-	-	-	-	-	-	-	-	-
Designated for:										
School Lunch fund	-	306,853	-	-	-	-	-	-	-	306,853
Undesignated	4,972,335	-	-	-	-	-	-	(5,092)	(33,144)	4,934,099
Total Fund Balances	4,972,335	306,853	31	-	-	-	-	(5,092)	(33,144)	5,240,983
TOTAL LIABILITIES AND FUND BALANCES	5,904,567	576,889	39,592	24,676	315,895	60,728	150,231	45,256	81,046	7,198,880

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
June 30, 2003

Total Fund Balances at June 30, 2003 - Governmental Funds		<u>\$5,240,924</u>
Cost of capital assets at June 30, 2003		13,568,484
Service Funds		1,156,163
Long-term liabilities at June 30, 2003:		
Compensated absences	569,274	
Bonds payable	<u>1,193,698</u>	
	1,762,972	1,762,972
Net Assets at June 30, 2003		<u>\$</u> <u><u>\$21,728,564</u></u>

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended June 30, 2003

STATEMENT E-1

		#17	#19	#20	#22	#26	#30	#31		
	GENERAL	#02	Title 1	Title 1	TITLE 1	Summer	Class	PL-94	PL-94	OTHER
	FUND	LUNCH	88/00	98/99	00-01	Food	Reduc Size	FD PROJ	FD PROJ	GOVERNMENTAL
	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUND	FUNDS
										TOTAL
										GOVT FDS
										TOTAL
REVENUES										
Local sources:										
Taxes:										
Ad valorem	418,368									418,368
Sales and use	1,306,826									1,306,826
Interest earnings	76,083	6,173								82,256
Charges for services										
Income from Meals			23,887							23,887
Other	424,013	1,173								425,186
Total Local Sources	2,225,290	31,233								4,363
State sources:										
Minimum Foundation Program	9,091,601	234,565								9,326,166
Other	738,878									738,878
Total State Sources	9,830,479	234,565								10,065,044
Federal Sources	184,263	953,659	90,469	1,102,113	269,149	75,072	150,232	128,768	126,335	389,371
TOTAL REVENUES	12,240,032	1,219,457	90,469	1,102,113	269,149	75,072	150,232	128,768	126,335	393,734
										15,795,361
EXPENDITURES										
Current:										
Instruction:										
Regular programs	5,000,759						150,232			17,688
Special programs	1,303,729		74,990	587,701				65,856	69,229	181,317
Vocational programs	269,295									84,452
All other programs	354,634									
Adult/cont ed	44,816									
Support services:	162,206				81,103					
Student services	817,618		9,256	441,884	181,264			57,502	57,919	124,790
Instructional staff support	923,327									15,888
General administration	628,807									
School administration	923,380					1,400				
Business services	266,569					7,498				
Plant services	1,282,243									
Student transportation services	657,821									
Central services	1,560									
School food services	129,679	1,265,583				63,667				
Capital outlay	74,651									
Debt service:										
Principal retirement	101,085									
Interest and bank charges										
Total expenditures	12,942,179	1,265,583	84,246	1,029,585	262,367	72,565	150,232	123,358	127,148	424,135

(Continued)

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and
Changes in Fund Balances, June 30, 2003

	GENERAL	2	17	19	20	26	30	31	
	FUND	FUND					FUND		TOTAL
EXCESS (Deficiency) OF REVENUES									
OVER EXPENDITURES	(702,146)	(46,126)	6,223	72,528	6,782	2,507	0	5,412	(813)
									(30,401)
									(686,034)
OTHER FINANCING SOURCES (Uses):									
Operating transfers in		47,174							47,174
Indirect Costs	95,352		(6,223)	(72,528)	(6,762)	(2,477)	0	(5,412)	(4,281)
Sale of Surplus Items	1,000								(2,772)
Operating transfers out	(47,537)								1,000
Total other financing sources (uses)	48,815	47,174	(6,223)	(72,528)	(6,762)	(2,477)	0	(5,094)	0
	48,815	47,174	(6,223)	(72,528)	(6,762)		0	(5,094)	(2,772)
NET CHANGES IN FUND BALANCES	(653,331)	1048	0	0	0	30	0	(5,094)	(33,174)
									(690,521)
FUND BALANCES - JULY 1, 2003	5,625,666	305,748	0	0	0	0	0		0
									5,931,414
FUND BALANCES - JUNE 30, 2003	4,972,335	306,796	0	0	0	30	0	(5,094)	(33,143)
									5,240,924

Statement F

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Statement of Activities

For the Year Ended June 30, 2003

Total net change in fund balances - governmental funds (Statement E) (405,920.00)

Amounts reported for governmental activities in the Statement
of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over
their estimated useful lives as depreciation expense. This is the amount by
which depreciation exceeds capital outlays in the period: Depreciation not shown.

Capital outlays _____ (35,472.00)

()

Service Funds increase (99,754.00)

In the Statement of Activities, certain operating expenses - compensated
absences (vacation and sick leave) - are measured by the amounts earned
during the year. In the governmental funds, however, expenditures for these
items are measured by the amount of financial resources used (essentially,
the amounts actually paid). This year, vacation and sick time earned
during the year. In the governmental funds, however, expenditures for these
items are measured by the amount of financial resources used (essentially,
the amounts actually paid). This year, vacation and sick time earned
187581 exceeded the amounts used (38187) by 149394 (149,374.00)

Interest on long-term debt in the Statement of Activities is not shown since the
bonds are QZAB bonds, and are interest bearing.

Change in net assets of governmental activities (Statement B) (690,520.00)

The notes to the financial statements are an integral part of this statement.

Statement G

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

PROPRIETARY FUND - GOVERNMENTAL ACTIVITIES -
INTERNAL SERVICE FUND

Statement of Net Assets
June 30, 2003

ASSETS

Cash and cash equivalents	\$977,560
Investments	\$123,629
Receivables	3,010
Interfund receivables	31,434
Prepaid insurance premiums	21,511
Total Assets	<u>1,157,144</u>

LIABILITIES

Accounts payable	<u>981</u>
Total Liabilities	<u>981</u>

NET ASSETS

Restricted	<u>1,156,163</u>
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TOTAL NET ASSETS

\$1,156,163

The notes to the financial statements are an integral part of this statement.

Statement H

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

PROPRIETARY FUND - GOVERNMENTAL ACTIVITIES -
INTERNAL SERVICE FUND

Statement of Revenues, Expenses, and
Changes in Fund Net Assets
For the Year Ended June 30, 2003

OPERATING REVENUES

SERVICES TO OTHER FUNDS

\$ 117,861
<u>117,861</u>

Total Operating Revenues

<u>117,861</u>

OPERATING EXPENSES

COMPENSATION PAYMENTS

<u>8,174</u>

OFFICE EXPENDITURES

<u>30,718</u>

Operating Income

<u>78,969</u>

NONOPERATING REVENUES (Expenses)

Earnings on investments

<u>20,785</u>

Changes in Net Assets

<u>99,754</u>

TOTAL NET ASSETS - BEGINNING

<u>1,056,409</u>

TOTAL NET ASSETS - ENDING

<u><u>\$ 1,156,163</u></u>

The notes to the financial statements are an integral part of this statement.

Statement I

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

PROPRIETARY FUND - GOVERNMENTAL ACTIVITIES -
INTERNAL SERVICE FUND

Statement of Cash Flows
For the Year Ended June 30, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	113,934	
Compensation payments	(8,174)	
Office Expenditures	(26,791)	
Interest Received	<u>20,785</u>	
Net Cash Provided(Used) by Operating Activities		99,754
Net Increase in cash and cash equivalents		<u>99,754</u>
TOTAL NET ASSETS, BEGINNING		1,056,409
TOTAL NET ASSETS, ENDING		<u><u>1,156,163</u></u>
Reconciliation of operating income (Loss) TO		
Net Cash Provided (used) by operating activities		
Operating Income		99,754
Net Cash provided(used) for Operating activities		<u><u>99,754</u></u>

Disclosure of accounting policy:

For purposes of the statement of cash flows, the School Board considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The notes to the financial statements are an integral part of this statement.

Statement J

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Statement of Fiduciary Net Assets
June 30, 2003
With Comparative Totals for June 30, 2002

	<u>2003</u>	<u>2002</u>
	AGENCY FUND	
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	<u>\$ 14,551</u>	<u>\$ 18,699</u>
TOTAL ASSETS	<u><u>\$ 14,551</u></u>	<u><u>\$ 18,699</u></u>
LIABILITIES		
Deposits due others	<u>\$ 14,551</u>	<u>\$ 18,699</u>
TOTAL LIABILITIES	<u><u>\$ 14,551</u></u>	<u><u>\$ 18,699</u></u>

The notes to the financial statements are an integral part of this statement.

MADISON PARISH SCHOOL BOARD

Tallulah, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2003

INTRODUCTION

The Madison Parish School Board was created by Louisiana Revised Statute (R.S.) 17:51 to provide public education for the children within Madison Parish. The school board is authorized by R.S. 17:81 to establish policies and regulations for its own government consistent with the laws of the State of Louisiana and the regulations of the Louisiana Board of Elementary and Secondary Education. The school board is comprised of eight members who are elected from eight districts for terms of four years.

The school board operates six schools within the parish with a total enrollment of 2,388 pupils. In conjunction with the regular educational programs, some of these schools offer special education and/or adult education programs. In addition, the school board provides transportation and school food services for the students.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Madison Parish School Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued in June 1999.

B. REPORTING ENTITY

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the school board is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the school board may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The school board also has no component units, defined by GASB Statement No. 14 as other legally separate organizations for which the elected school board members are financially accountable. There are no other primary governments with which the school board has a significant relationship.

C. FUNDS

The school board uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain school board functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Funds of the school board are classified into two categories: governmental and fiduciary, as follows:

Governmental Funds

Governmental funds account for all or most of the school board's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations of the school board. The following are the school board's primary governmental funds:

General Fund - the primary operating fund of the school board and it accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to school board policy.

Special revenue funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, or designated by the school board to be accounted for separately.

Debt service funds - account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital projects funds - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

Proprietary Funds

Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. Proprietary funds are classified as enterprise or internal service. The school board has one proprietary fund, which is an internal service fund. The internal service fund accounts for the financing of goods or services provided by one department to other departments or governments on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The only fund accounted for in this category by the school board is the agency fund. The agency fund accounts for assets held by the school board as an agent for schools, and school organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency fund has no measurement focus, but does use the modified accrual basis of accounting.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the school board, except for the fiduciary fund. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Internal Activities - The Worker's Compensation Internal Service Fund provides services to the governmental funds. Accordingly, this fund's activities were rolled up into the governmental activities. Pursuant to GASB 34, as much as possible, the internal activities have been eliminated in order to avoid the "grossing-up" effect of a straight inclusion.

Program Revenues - Program revenues included in the Statement of Activities (Statement B) derive directly from parties outside the school board's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the school board's general revenues.

Allocation of Indirect Expenses - The school board reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that school buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Fund Financial Statements (FFS)

Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fund financial statements report detailed information about the school board. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

Governmental funds and the agency fund use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The school board considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

Federal and state entitlements (which include state equalization and state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Expenditure-driven federal and state grants are recorded as restricted grants-in-aid when the reimbursable expenditures have been incurred.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January, and February of the fiscal year.

Sales and use tax revenues are recorded in the month collected by the tax collector.

Interest earnings are recorded when the investments have matured and the interest is available.

Revenues from rentals, leases, and oil royalties are recorded when earned.

Substantially all other revenues are recorded when received.

Expenditures

Salaries are recorded as expenditures when earned by employees. Teachers' salaries are earned over a nine – month period but are paid over a twelve – month period.

Purchases of various operating supplies, capital outlays, etc. are recorded as expenditures when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current available resources is recognized in the general long – term obligations account group.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (or any other types) are accounted for as other financing sources (uses). These other financing sources (uses) are recognized at the time the underlying events occur.

Deferred Revenues

The school board reports deferred revenues on its FFS balance sheet. Deferred revenues arise when resources are received by the school board before it has a legal claim to them, as when grant monies are received before the incurrence of qualifying expenditures. In subsequent periods, when the school board has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the school board finances and meets the cash flow needs of this internal service fund. Revenues are recognized when earned, and expenses are recognized at the time the liabilities are incurred.

E. BUDGETS

The Board is required by state law to adopt annual budgets for the General Fund and Special Revenue Funds. Each budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (“GAAP”).

Formal Budget integration (within the accounting records) is employed as a management control device during the year. The budget was prepared on the modified accrual basis of accounting and was monitored and amended as needed. Amendments to the General Fund and Sales Tax Special Revenue Fund budgets were adopted in an open meeting to reflect such changes.

Once a budget is approved, it can be amended at the Function and Fund level only by approval of a majority of the members of the Board of Education. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year – end as dictated by law.

Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are amended by the Board of Education. Individual amendments were not material in relation to the original appropriations. All budget appropriations lapse at year –end. NOTE: No budget is shown for the Capital projects fund which consists of the QZAB bonds.

F. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. [Include the school board's established policy concerning which short-term, highly liquid investments it will treat as cash equivalents. For example, cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less.] Under state law, the school board may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

G. INVESTMENTS

Investments are limited by R.S. 33:2955 and the school board’s investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

[GASB Statement No. 31 requires the following disclosures:

1. The methods and significant assumptions used to estimate the fair value of investments, if that fair value is based on other than quoted market prices.
2. The policy for determining which investments, if any, are reported at amortized cost.

GASB Statement No. 31 requires the school board to report investments at fair value in the balance sheet, except as follows:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, should be reported using a cost-based measure, provided that the fair value of those contracts is not significantly affected by the impairment of the credit standing of the issuer or other factors.
2. The school board may report at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly

liquid debt instruments that include U.S. Treasury obligations. Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

I. ADVANCES TO OTHER FUNDS

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account, which indicates that they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

J. INVENTORIES

Inventory of the School Lunch Special Revenue Fund consists of food purchased by the school board and commodities granted by the United States Department of Agriculture (USDA) through the Louisiana Department of Agriculture and Forestry. Inventory items purchased are valued at the lower of cost, using the first-in, first-out (FIFO) method. Costs are recorded as expenditures at the time individual items are consumed (consumption method). Commodities are assigned values based on information provided by the USDA, also on a FIFO basis. The amount of commodity inventory is included in deferred revenue until consumed.]

K. PREPAID ITEMS

Consist of prepaid insurance premiums.

L. CAPITAL ASSETS

Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The school board maintains a threshold level of \$500 or more for capitalizing capital assets.

Capital assets are recorded in the GWFS, but are not reported in the FFS. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes by the school board, no salvage value is taken into consideration for depreciation purposes. No capital assets have been depreciated.

Total Capital Assets	13,568,484
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No break down is available and an inventory has not been taken at June 30, 2003 as requested.

M. COMPENSATED ABSENCES

The school board has the following policy relating to vacation and sick leave:

Sabbatical leave may be granted for medical leave or for professional and cultural improvement. Any employee with a teaching certificate is entitled, subject to approval by the school board, to one semester of sabbatical leave after three years of continuous service or two semesters of sabbatical leave after six or more years of continuous service.

The school board's recognition and measurement criteria for compensated absences follows:

[GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

The accounting for sabbatical leave depends on whether the compensation during the sabbatical is for service during the period of the leave or, instead, for past service. Sabbatical leave for service during the period of the leave should be accounted for in the period the service is rendered; a liability should not be reported in advance of the sabbatical. Sabbatical leave for past service should be accrued during the period(s) the employees earn the right to the leave if it is probable that the school board will compensate the employees for the benefits through paid time off or some other means.]

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

N. RESTRICTED NET ASSETS

For government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

1. externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
2. imposed by law through constitutional provisions or enabling legislation.

O. FUND EQUITY

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

P. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the school board, which are either unusual in nature or infrequent in occurrence.

Q. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as transfers.

R. SALES TAXES

In 1993, the Madison Parish School Board became the tax-collecting agency for the parish. Total receipts for 2003 were 3,792,411. Total Disbursements for 2003 were 3,792,411.

S. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEFICIT FUND EQUITY

The following individual funds have deficits in unreserved fund balance (net assets) at June 30, 2003:

<u>Fund</u>	<u>Deficit Amount</u>
<u>Drug Free</u>	<u>\$33,144</u>

Management is making every effort to correct this deficiency.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2003:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
<u>General Fund</u>	<u>\$678,199</u>	<u>\$0</u>	<u>\$653,331</u>	<u>\$653,331</u>
<u>Idea Fund 31 Infant Toddler</u>				<u>(\$5,094)</u>

The unfavorable variances in the General Fund is due to no budgets adopted for some of the grants received. The 5,094 deficit in Idea Fund 31 is included in the General Fund deficit.

4. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

Constitutional	4.76	4.76
Renewable	4.76	4.76

The following are the principal taxpayers and related ad valorem tax revenue for the school board: [include those taxpayers whose percentage of total assessed valuation is 5% and greater]

5. CASH AND CASH EQUIVALENTS

At June 30, 2003, the school board has cash and cash equivalents (book balances) totaling \$7,483,022 as follows:

Demand deposits	<u>\$5,056,496</u>
Interest-bearing demand deposits	<u></u>
Time deposits	<u></u>
CDs and other Savings	<u>\$2,426,525</u>
Total	<u><u>\$7,483,022</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2003, the school board has \$7,067,808 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 of federal deposit insurance and \$9,789,212 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). [If deposits are not fully secured, add the following: The remaining balance of \$-0- is not secured by the pledge of securities and is a violation of state law.]

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and

sell the pledged securities within 10 days of being notified by the school board that the fiscal agent has failed to pay deposited funds upon demand.

6. INVESTMENTS

The School Board's investments are categorized as:

1. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the school board's name

At fiscal year-end, the school board's investment balances were as follows:

<u>Type of Investment</u>	<u>Book Value</u>	<u>Fair Value</u>
<u>UBS Financial Services</u>	<u>\$123,629</u>	<u>\$125,525</u>
 Total investments	 <u><u>\$123,629</u></u>	 <u><u>\$125,525</u></u>

(This disclosure should acknowledge any violation of the state's investment laws or the school board's investment policy and should identify actions taken to address such violations.)

7. RECEIVABLES

The receivables of \$2,034,735 at June 30, 2003, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Internal Service Fund</u>	<u>Total</u>
Taxes:						
Ad valorem	\$	\$	\$	\$	\$	\$
Sales and use						
Other						
Intergovernmental - grants:						
Federal	281,979	668,854				950,853
State	396,274					396,274
Local						
Accounts		39,561				39,561
Notes						
Other	640,936	7,131				648,067
Total	<u>\$1,319,189</u>	<u>\$715,546</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$2,034,735</u>

8. INTERFUND RECEIVABLES/PAYABLES

Fund	Due to General Fund	Due From	Type of Fund
School Lunch	515,257	72,271	Major
Sales Tax		883	Major
IASA Title 1 (Fund 020)		128,518	Major
Class Size Reduction – 26		150,232	Major
STATE – 32		7,115	Major
P.L. 94 – 142 (31)		50,348	Major
General Fund – Interfunds due to	(37,528)		Major
Due from General Fund		(37,528)	Major
LIBRARY – 28		2,998	Non – Major
Title II 29 – EISENHOWER		65,013	Non – Major
Dependent care		5	Non – Major
Drug Free – 45 – BEV		26,426	Non – Major
McCall Jr. Hi – 81		930	Non – Major
McCall Sr. Hi		1,588	Non – Major
Thomastown		30	Non – Major
Tallulah Hi – 84		4,778	Non – Major
Westside – 86		11	Non – Major
Tallulah Jr. – 86		4,111	Non - Major
Total Interfund Accounts	<u>477,729</u>	<u>477,729</u>	

During the course of operations, numerous funds transfer occur for services rendered. Some of these transfers are repaid.

9. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2003, is as follows:

	Balance, July 1, 2002	Additions	Deletions	Balance, June 30, 2003
Governmental Activities				
Capital assets	\$13,317,359	\$252,025	\$900	\$13,568,484

Due to first year implementation of GASB 34 and incomplete information @ June 30, 2003 for fixed assets, no breakdown for depreciation is available.

10. RETIREMENT SYSTEMS

Substantially all employees of the school board are members of two statewide retirement systems. In general, professional employees (such as teachers and principals) and lunchroom workers are members of the Teachers' Retirement System of Louisiana; other employees, such as custodial personnel and bus drivers, are members of the Louisiana School Employees' Retirement System. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Teachers' Retirement System of Louisiana (TRS)

Plan Description. The TRS consists of three membership plans: Regular Plan, Plan A, and Plan B. The TRS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for the TRS. That report may be obtained by writing to the Teachers' Retirement System of Louisiana, Post Office Box 94123, Baton Rouge, Louisiana 70804-9123, or by calling (225) 925-6446.

Funding Policy. Plan members are required to contribute 8%, 9.1%, and 5% of their annual covered salary for the Regular Plan, Plan A, and Plan B, respectively. The school board is required to contribute at an actuarially determined rate. The current rate is 16.6% of annual covered payroll for all three membership plans. Member contributions and employer contributions for the TRS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The school board's employer contribution for the TRS, as provided by state law, is funded by the State of Louisiana through annual appropriations, by deductions from local ad valorem taxes, and by remittances from the school board.

The school board's contributions to the TRS for the years ending June 30, 2003, 2002, and 2001, were \$888,476, \$1,549,059, and \$1,264,299, respectively, equal to the required contributions for each year. (If the required contributions and the actual amount contributed do not equal, disclose the required contribution in dollars and the percentage of that amount contributed for the current year and each of the two preceding years.)

B. Louisiana School Employees' Retirement System (LASERS)

Plan Description. The LASERS provides retirement benefits as well as disability and survivor benefits. Ten years of service credit is required to become vested for retirement benefits and five years to become vested for disability and survivor benefits. Benefits are established and amended by state statute. The

LASERS issues a publicly available financial report that includes financial statements and required supplementary information for the LASERS. That report may be obtained by writing to the Louisiana School Employees' Retirement System, Post Office Box 44516, Baton Rouge, Louisiana 70804, or by calling (225) 925-6484.

Funding Policy. Plan members are required to contribute 6.35% of their annual covered salary and the school board is required to contribute at an actuarially determined rate. The current rate is 6.00% of annual covered payroll. Member contributions and employer contributions for the LASERS are established by state law and rates are established by the Public Retirement Systems' Actuarial Committee. The school board's employer contribution for the LASERS is funded by the State of Louisiana through annual appropriations.

The school board's contributions to the LASERS for the years ending June 30, 2003, 2002, and 2001, were \$3,468, \$3,808, and \$2,949, respectively, equal to the required contributions for each year. (If the required contributions and the actual amount contributed do not equal, disclose the required contribution in dollars and the percentage of that amount contributed for the current year and each of the two preceding years.)

11. POST – RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Madison Parish School Board provides certain continuing health care and life insurance benefits for its 85 retired employees. Substantially all of the School Board's employees become eligible for these benefits if they reach normal retirement age while working for the School Board. These benefits for retirees and similar benefits for active employees are provided through an insurance company or the State Employees Group Benefits Program, whose monthly premiums are paid jointly by the employee and the School Board. The School Board recognizes the cost of providing these benefits (the Board's portion of premiums) as an expenditure when the monthly premiums are due, which were \$698,106.

12. LIABILITY FOR COMPENSATED ABSENCES

During fiscal year 2001, employees were allowed to accrue ten to twelve days sick leave each year, without limit, and could elect to receive any unused portion of their local sick leave in cash. Effective September 1, 2001, the School Board adopted a new sick leave policy that will not allow employees to receive cash for unused local sick days. Due to this change, many employees elected to receive cash for their unused portion of local sick days prior to August 31, 2001.

Teachers and administrative personnel do not receive paid vacations but are paid only for the number of days they are required to work each year (183 days for teachers and 230 days for administrative personnel). Maintenance employees are granted vacation leave in varying amounts. In the event of termination an employee is reimbursed for any unused accumulated leave. The School Board has no liability for unused vacation pay since all vacation leave is used or lost if not taken each year. Vacation pay is charged to operations when taken by the employees of the School Board.

13. SELF – INSURANCE FUND

Beginning in 1992, the School Board established a Worker's Compensation self – insurance plan for School Board employees to minimize the cost of insurance to the School Board. This program is for the benefit of all School Board employees. The School Board established an Internal Service Fund to account for these activities and to facilitate accountability and management control.

**14. ACCOUNTS, SALARIES, AND
OTHER PAYABLES**

The payables of \$1,957,897 at June 30, 2003, are as follows:

General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Internal Service Fund	Total
\$679,956	\$481,550	\$-	\$-	\$0	\$1,161,506
39,108					39,108
179,675	107,285				286,960
33,493	436,830				470,323
<u>\$932,232</u>	<u>\$1,025,665</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$1,957,897</u>

15. LEASES - None

16. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2003:

	Bonded Debt	Compensated Absences	Total
Long-term obligations at July 1, 2002	\$1,364,651	\$419,842	\$1,784,493
Additions	0	187,581	187,581
Deductions	101,086	38,187	139,273
Long-term obligations at June 30, 2003	<u>\$1,263,565</u>	<u>\$569,236</u>	<u>\$1,832,801</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2003:

	Bonded Debt	Compensated Absences	Total
Current portion	\$101,086	\$	\$101,086
Long-term portion	1,162,479		1,162,479
Total	<u>1,263,565</u>	<u>\$</u>	<u>\$1,263,565</u>

All school board bonds outstanding at June 30, 2003, for \$1,263,565 are QZAB bonds with maturities as follows:

Bonds Payable at June 30, 2003 are comprised of the following individual issues:

Louisiana Qualified Zone Academy Bonds (QZAB), dated 2/14/02 payable in quarterly payments of 25,271.31 at no interest, security pledged by the Federal Reserve Bank of New Orleans through Hibernia National Bank.

Original Date of Issue	02/01/2002
Maturity Date of Issue	11/01/2015
Annual Interest Rate	0%
Principal amount of original issue	\$1,389,922
Quarterly Installments	\$25,271.31
Principal payment dates	Feb. 1, May 1, Aug. 1, Nov. 1
Principal Amount Outstanding 06/30/03	\$1,263,565
Subsequent payments, 08/01/03 and 11/01/03	\$1,213,023 (Balance, 11/01/03)

LOAN REPAYMENT SCHEDULE, 08/01/2003 – 05/01/2008

Date	Principal	Balance	Date	Principal	Balance
08/01/2003	25,271.31	1,238,294.14	02/01/2006	25,271.31	985,581.04
11/01/2003	25,271.31	1,213,022.83	05/01/2006	25,271.31	960,309.73
02/01/2004	25,271.31	1,187,751.52	08/01/2006	25,271.31	935,038.42
05/01/2004	25,271.31	1,162,480.21	11/01/2006	25,271.31	909,767.11
08/01/2004	25,271.31	1,137,208.90	02/01/2007	25,271.31	884,495.80
11/01/2004	25,271.31	1,111,937.59	05/01/2007	25,271.31	859,224.49
02/01/2005	25,271.31	1,086,666.28	08/01/2007	25,271.31	833,953.18
05/01/2005	25,271.31	1,061,394.97	11/01/2007	25,271.31	808,681.87
08/01/2005	25,271.31	1,036,123.66	02/01/2008	25,271.31	791,497.39
11/01/2005	25,271.31	1,010,852.35	05/01/2008	25,271.31	766,226.08

17. INTERFUND TRANSFERS

Transferred	From	To	Type
General Fund	148,621		Major Fund
Pay Principal on Bonds		101,086	Long – Term Debt
School Lunch Fund		47,174	Services Rendered
Miscellaneous		361	Services - Rendered
Total	148,621	148,621	

**18. CHANGES IN AGENCY FUND
DEPOSITS DUE OTHERS**

A summary of changes in agency fund deposits due others follows:

	Balance at Beginning of Year	Additions	Reductions	Balance at End of Year
Agency funds:				
School activity accounts	\$18,699	\$248,704	\$252,852	\$14,551
Total	<u>\$18,699</u>	<u>\$248,704</u>	<u>\$252,852</u>	<u>\$14,551</u>

19. RESERVED AND DESIGNATED RETAINED EARNINGS/FUND BALANCES

Restricted for Capital Construction	1,163,968
Restricted for Long – Term Debt	569,236
Restricted for Workmen’s Comp – Retained Earnings	1,156,163
Restricted for School Lunch Fund – Fund Balance	306,853

20. ENCUMBRANCES

Encumbrance accounting is not used.

21. LITIGATION AND CLAIMS

At June 30, 2003, the school board is involved in six (6) lawsuits. The ultimate resolution of the remaining amount would not materially affect the financial statements in the estimation of the legal advisor for the school board.

22. SUBSEQUENT EVENTS

No significant events are noted, other than one of the above-mentioned lawsuits which has been settled. Two more have been filed in October 2003. The legal advisor feels the claims have no merit

Schedule 1

**MADISON PARISH SCHOOL BOARD
TALLULAH**

**GENERAL FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2003**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Local sources:				
Taxes:	1,321,476	2,242,833	418,368	(1,824,465)
Ad valorem	-	-	1,306,826	1,306,826
Sales and use	-	-	76,083	76,083
Interest earnings	-	-	424,013	424,013
Charges for services	-	-	-	-
Other	62,031	60,529	-	(60,529)
Total local sources	1,383,507	2,303,362	2,225,290	(78,072)
State sources:				-
Minimum Foundation Program	9,829,305	9,378,851	9,091,601	(287,250)
Other	-	-	738,878	738,878
Total state sources	9,829,305	9,378,851	9,830,479	451,628
Federal sources	21,992	21,992	184,263	162,271
Total revenues	11,234,804	11,704,205	12,240,032	535,827
EXPENDITURES				
Current:				
Instruction:				
Regular programs	4,864,888	5,075,509	5,000,759	(74,750)
Special programs	1,199,882	1,362,191	1,303,729	(58,462)
Vocational programs	241,676	261,644	269,295	7,651
All other programs	427,494	226,053	354,634	128,581
Adult/Cont Education	12,108	3,983	44,816	40,833
Support services:	-	-	162,206	162,206
Student services	752,822	653,406	817,618	164,212
Instructional staff support	780,347	667,838	923,327	255,489
General administration	368,396	400,748	628,807	228,059
School administration	884,703	893,888	923,380	29,492
Business services	242,358	284,013	266,569	(17,444)
Plant services	1,120,106	975,348	1,282,243	306,895
Student transportation services	527,525	539,407	657,821	118,414
Central services	-	-	1,560	1,560
School food services	110,990	111,086	129,679	18,593
Community service programs	-	-	-	-
Principal retirement	-	-	101,085	101,085
Capital outlay	426,882	249,091	74,650	(174,441)
Total expenditures	11,960,177	11,704,205	12,942,178	1,237,973
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(725,373)</u>	<u>-</u>	<u>(702,146)</u>	<u>(702,146)</u>
Other Financing Sources (Uses)				
Transfers In	47,174	-	48,815	48,815
Total other financing sources (uses)	47,174	-	48,815	48,815
NET CHANGES IN FUND BALANCE	<u>(678,199)</u>		<u>(653,331)</u>	<u>(653,331)</u>
FUND BALANCE - JULY 1, 2002 (GAAP Basis)	<u>5,501,765</u>	<u>5,626,286</u>	<u>5,626,286</u>	<u>-</u>
FUND BALANCE - JUNE 30, 20 (GAAP Basis)	<u>4,823,566</u>	<u>5,626,286</u>	<u>4,972,955</u>	<u>653,331</u>
			<u>4,972,955</u>	

The notes to the financial statements are an integral part of this schedule.

Schedule 2

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

STATE SCHOOL LUNCH FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 2003

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
Local	31,209	47,658	31,233	(16,425)
State Revenue	234,565	234,565	234,565	-
Federal Revenue	895,726	899,122	953,659	54,537
Sale of Fixed Asset	-	850	-	(850)
Other	105,108	107,873	-	(107,873)
Total revenues	<u>1,266,608</u>	<u>1,290,068</u>	<u>1,219,457</u>	<u>(70,611)</u>
EXPENDITURES				
School Food Service	<u>1,287,685</u>	<u>1,266,587</u>	<u>1,265,583</u>	<u>(1,026)</u>
Total expenditures	<u>1,287,685</u>	<u>1,266,587</u>	<u>1,265,583</u>	<u>(1,026)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(21,077)</u>	<u>23,461</u>	<u>(46,126)</u>	<u>(69,605)</u>
OTHER FINANCING SOURCES (Uses)				
Transfers in	<u>47,174</u>	<u>52,133</u>	<u>47,174</u>	<u>(4,959)</u>
Total other financing sources (uses)	<u>47,174</u>	<u>52,133</u>	<u>47,174</u>	<u>(4,959)</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>26,097</u>	<u>75,594</u>	<u>1,048</u>	<u>(74,546)</u>
Net Changes in Fund Balances	26,097	75,594	1,048	(74,546)
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>	<u>310,104</u>	<u>305,748</u>	<u>(4,356)</u>
FUND BALANCE AT END OF YEAR (Budgetary Basis)	<u>-</u>	<u>385,698</u>	<u>306,796</u>	<u>(78,902)</u>
FUND BALANCE - JUNE 30, 2003 (GAAP Basis)			<u>306,796</u>	

The notes to the financial statements are an integral part of this schedule.

Schedule 3

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

TITLE 1 FUND
Budgetary Comparison Schedule
For the Year Ended June 30, 20__

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET Positive (Negative)
REVENUES				
<hr/>				
<hr/>				
Federal Sources	1,364,410	1,364,410	1,371,262	6,852
Total revenues	1,364,410	1,364,410	1,371,262	6,852
EXPENDITURES				
Special Program	678,575	678,575	587,701	(90,874)
Support Services	602,240	602,240	704,274	102,011
Indirect Costs	83,595	83,595	79,287	(4,308)
Total expenditures	1,364,410	1,364,410	1,371,262	6,829
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<hr/> -	<hr/> -	<hr/> -	<hr/> -
OTHER FINANCING SOURCES (Uses)	<hr/> -	<hr/> -	<hr/> -	<hr/> -
<hr/> Total other financing sources (uses)	<hr/> -	<hr/> -	<hr/> -	<hr/> -
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<hr/> -	<hr/> -	<hr/> -	<hr/> -
FUND BALANCE AT BEGINNING OF YEAR	<hr/> -	<hr/> -	<hr/> -	<hr/> -
FUND BALANCE AT END OF YEAR (GAAP BASIS)	<hr/> -	<hr/> -	<hr/> -	<hr/> -
FUND BALANCE - JUNE 30, 2003 (GAAP Basis)	<hr/>	<hr/>	<hr/>	<hr/>

The notes to the financial statements are an integral part of this schedule.

REQUIRED
SUPPLEMENTARY
INFORMATION
PART II

To the Management of
MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
Independent Accountant's Report
on Applying Agreed-Upon Procedures

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Madison Parish School Board and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of Madison Parish School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings relate to the accompanying schedules of supplemental information and are as follows:

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources (Schedule 1)**

1. I selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation Revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

No differences were noted.

Education Levels of Public School Staff (Schedule 2)

2. I reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to school board supporting payroll records as of October 1.

No differences were noted.

3. I reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.

No differences were noted.

4. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

No differences were noted.

Number and Type of Public Schools (Schedule 3)

5. I obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

No differences were noted.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

No differences were noted.

Public Staff Data (Schedule 5)

7. I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

No differences were noted.

8. I recalculated the average salaries and full-time equivalents reported in the schedule.

No differences were noted.

Class Size Characteristics (Schedule 6)

9. I obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then traced a random sample of 10 classes to the October 1 roll books for those classes and determined if the class was properly classified on the schedule.

No differences were noted.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Madison Parish School Board.

No differences were noted.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Madison Parish School Board.

No differences were noted.

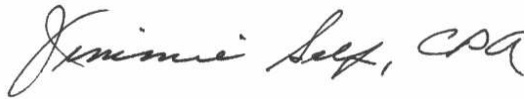
The IOWA Tests (Schedule 9)

12. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by Madison Parish School Board.

No differences were noted.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of management of Madison Parish School Board, the Louisiana Department of Education, the Louisiana Legislature, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA, APAC
December 29, 2003

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2003**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	4,434,532	
Other Instructional Staff Activities	623,132	
Employee Benefits	1,460,544	
Purchased Professional and Technical Services	212,011	
Instructional Materials and Supplies	276,810	
Miscellaneous	111,967	
Instructional Equipment	16,443	
Total Teacher and Student Interaction Activities	<u>7,135,439</u>	7,135,439

Other Instructional Activities

Pupil Support Activities	817,618	817,618
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		

Instructional Staff Services	923,327	923,327
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		<u>8,876,384</u>

Total General Fund Instructional Expenditures		<u>8,876,384</u>
---	--	------------------

Total General Fund Equipment Expenditures	<u>12,060,633</u>	73%
---	-------------------	-----

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	209,184
Renewable Ad Valorem Tax	209,184
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	39,969
Sales and Use Taxes	<u>1,306,826</u>
Total Local Taxation Revenue	<u>1,765,163</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	<u>36,388</u>
Total Local Earnings on Investment in Real Property	<u>36,388</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	20,509
Revenue Sharing - Other Taxes	20,509
Other Revenue in Lieu of Taxes	<u>-</u>
Total State Revenue in Lieu of Taxes	<u>41,018</u>

Nonpublic Textbook Revenue	<u>-</u>
Nonpublic Transportation Revenue	<u>-</u>

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Education Levels of Public School Staff
As of October 1, 2003

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree							1	8.5
Bachelor's Degree	69	40	52	33			1	8.5
Master's Degree	21	13	5	3			1	8.5
Master's Degree + 30	17	10			7	58		
Specialist in Education			1	1	1	8	1	8.5
Ph. D. or Ed. D.								
Total	107	63	58	37	8	66	4	34

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2003

Type	Number
Elementary	2
Middle/Jr. High	2
Secondary	1
Combination	1
Total	6

Note: Schools opened or closed during the fiscal year are included in this schedule.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Experience of Public Principals and Full-time Classroom Teachers
As of October 1, 2003

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals							6	6
Principals			1		1	2	2	6
Classroom Teachers	23	21	30	8	15	10	58	165
Total	23	21	31	8	16	12	66	177

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Public School Staff Data
For the Year Ended June 30, 2003

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	25,612	25,200
Average Classroom Teachers' Salary Excluding Extra Compensation	25,612	25,200
Number of Teacher Full-time Equivalents (FTEs) used in Computation of Average Salaries	165	139

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of a federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Class Size Characteristics
As of October 1, 2003

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	37.7	26	58	40	2.9	2	1.5	1
Elementary Activity Classes	0	0	0	0	0	0	0	0
Middle/Jr. High	59.5	75	31.8	40	8.7	11	0	0
Middle/Jr. High Activity Classes	42.9	9	28.6	6	19.1	4	9.5	2
High	76.2	99	16.9	22	6.9	9	0	0
High Activity Classes	53.3	8	20	3	26.7	4	0	0
Combination	N/A							
Combination Activity Classes	N/A							

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Louisiana Educational Assessment Program (LEAP) for the 21st Century
For the Year Ended June 30, 2003

District Achievement Level Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0	1	1	0	0	3	2	0	0	0	0
Proficient	13	7	8	5	17	8	23	13	13	8	17	8
Basic	107	59	73	43	93	45	82	45	62	36	88	43
Approaching Basic	36	20	52	30	67	33	44	24	48	28	64	31
Unsatisfactory	26	14	37	22	29	14	30	16	48	28	37	18
Total	182		171		206		182		171		206	

District Achievement Level Results	Science						Social Studies					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0	0	0	0	0	0	0	0	0	0	0
Proficient	3	3	5	3	1	1	6	3	2	1	1	1
Basic	20	17	25	16	44	28	24	13	37	24	49	31
Approaching Basic	30	26	52	34	60	38	62	33	59	38	54	34
Unsatisfactory	62	54	71	46	55	34	95	51	56	36	56	35
Total	115		153		160		187		154		160	

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

The Graduation Exit Exam for the 21st Century
For the Year Ended June 30, 2003

District Achievement Level Results	English Language Arts						Mathematics					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	1	1	0	0	0	0	0	0	0	0	0	0
Proficient	5	3	3	3	0	0	9	6	4	3	0	0
Basic	50	33	35	31	35	32	69	43	29	25	38	35
Approaching Basic	36	28	38	34	36	33	22	14	21	18	20	18
Unsatisfactory	60	39	37	33	38	35	60	37	63	54	51	47
Total	152		113		109		162		117		109	

District Achievement Level Results	Science						Social Studies					
	2003		2002		2001		2003		2002		2001	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	0	0	0	0	Test	Not	0	0	0	0	Test	Not
Proficient	3	3	2	2	Required		2	2	0	0	Required	
Basic	20	17	20	22			28	24	27	29		
Approaching Basic	30	26	30	33			32	28	25	29		
Unsatisfactory	62	54	40	43			53	46	40	43		
Total	115		92				115		92			

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

The IOWA Tests
For the Year Ended June 30, 2003

	Composite		
	2003	2002	2001
Test of Basic Skills (ITBS)			
Grade 3	37	28	27
Grade 5	32	27	27
Grade 6	28	29	28
Grade 7	29	26	28
Tests of Educational Development (ITED)			
Grade 9	33	33	33

Scores are reported by National Percentile Rank. A student's National Percentile Rank shows the student's relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. A student with a score of 72 indicates that the student scored the same or better than 72 percent of the students in the norm group.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year ended June 30, 2003

NONMAJOR GOVERNMENTAL FUNDS

**The following nonmajor funds are special revenue funds provided by the
Federal Government.**

Listed are balance sheets and statements of revenue and expenditures for each fund.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2003

	28	29	45	35	36	38	40	41	TOTAL NONMAJOR FUNDS
	LIBR TOTAL	EISENH FUND	DRG FREE FUND	ED PRE FUND	ED PRE FUND	EARLY CHLD FUND	VOC ED FUND	ADULT GOVERNMENTAL FUNDS	
ASSETS									
Cash and cash equivalents	\$	\$	(8,912)						(8,912)
Investments									-
Receivables									-
Interfund receivables									-
Inventory									-
Due from federal government	16,205	73,559	194						89,958
TOTAL ASSETS	<u>16,205</u>	<u>73,559</u>	<u>(8,718)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>81,046</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts and other payables	13,209	8,546	\$						21,755
Interfund payables									-
Deferred revenues									-
Due to general fund	2,996	65,013	24,426						92,435
Total Liabilities	<u>16,205</u>	<u>73,559</u>	<u>24,426</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>114,190</u>
Fund balances:									
Reserved for:									
Debt service									
Inventory									
Unreserved:									
Designated for:									
Undesignated	-	-							
Total Fund Balances	<u>-</u>	<u>-</u>	<u>(33,144)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(33,144)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>16,205</u>	<u>73,559</u>	<u>(8,718)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>	<u>0</u>	<u>81,046</u>

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana

Schedule 5

NONMAJOR GOVERNMENTAL FUNDS
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances
For the Year Ended June 30, 2003

	15	16	25	27	28	29	45	35	36	38	40	41	
	Comp-Sch	Qualty	Youth	Guid	Library	Elson	Day	Special	Special	Pri-School	Vocational	Adult	Total
REF	Fund	Fund	Opport	Fund	Fund	Fund	Fine	Pre school	Pre school	Early Child	Ed	State	Non-Maj
	Fund	Fund	Fund	Fund	Fund	Fund	Fine	Pre school	Pre school	Ed	Ed	State	Funds
REVENUES													
Local sources:													
Taxes:													
Ad valorem	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales and use	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-
Income from meals	-	-	-	-	-	-	4,363	-	-	-	-	-	4,363
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Local Sources	-	-	-	-	-	-	4,363	-	-	-	-	-	4,363
State sources:													
Minimum Foundation Program	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total State Sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal Sources	81,272	3,000	17,148	18,493	19,638	79,816	13,911	3,398	5,383	61,761	55,545	26,904	385,371
TOTAL REVENUES	81,272	3,000	17,148	18,493	19,638	79,816	18,274	3,398	5,383	61,761	55,545	26,904	393,734
EXPENDITURES													
Current:													
Instruction:													
Regular programs	-	-	-	1,415	-	-	-	-	-	16,273	-	-	17,688
Special programs	81,272	-	14,788	-	16,293	14,428	-	3,273	5,383	46,488	-	-	193,117
Vocational programs	-	-	-	-	-	-	-	-	-	-	57,548	26,904	84,452
All other programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Support services:													
Student services	-	3,000	2,380	-	3,031	64,001	50,581	-	-	-	997	-	124,790
Instructional staff support	-	-	-	-	-	-	-	-	-	-	-	-	-
General administration	-	-	-	-	-	-	-	-	-	-	-	-	19,888
School administration	-	-	-	-	-	-	-	-	-	-	-	-	-
Business services	-	-	-	-	-	-	-	-	-	-	-	-	-
Plant services	-	-	-	-	-	-	-	-	-	-	-	-	-
Student transportation services	-	-	-	-	-	-	-	-	-	-	-	-	-
Central services	-	-	-	-	-	-	-	-	-	-	-	-	-
School food services	-	-	-	-	-	-	-	-	-	-	-	-	-
Community service programs	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and bank charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	81,272	3,000	17,148	17,303	19,424	79,240	50,581	3,273	5,383	61,761	55,545	26,904	424,136
EXCESS (deficiency) OF REVENUES OVER EXPENDITURES	-	-	-	1,190	214	376	(51,307)	125	-	-	-	-	(39,402)
OTHER FINANCING SOURCES (uses)													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers out	-	-	-	(1,190)	(214)	(376)	(887)	(125)	-	-	-	-	(2,772)
Total other financing sources (uses)	-	-	-	(1,190)	(214)	(376)	(887)	(125)	-	-	-	-	(2,772)
NET CHANGES IN FUND BALANCES	-	-	-	-	-	-	-	-	-	-	-	-	(31,174)
FUND BALANCES - JULY 1, 2002	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES - JUNE 30, 2003	-	-	-	-	-	-	(31,174)	-	-	-	-	-	(31,174)

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA
SUPPLEMENTARY INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2003

AGENCY FUNDS

THESE ARE THE SCHOOL ACTIVITY FUNDS

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

AGENCY FUND
Schedule of Changes in Deposit Balances
of Individual Schools
For the Year Ended June 30, 2003

SCHOOL ACTIVITY AGENCY FUND

	BALANCE JULY 1, 2002	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2003
Tallulah High School	\$3,631	\$61,497	\$61,985	\$3,143
Tallulah Elementary School	4,552	32,859	35,581	1,831
Tallulah Junior High School	2,877	12,228	13,998	1,107
Reuben McCall High School	(88)	79,736	78,632	1,016
Reuben McCall Junior High School	1,211	33,779	34,032	958
Wright Elementary School	6,516	28,604	28,623	6,496
Total	<u>\$18,699</u>	<u>\$248,704</u>	<u>\$252,852</u>	<u>\$14,551</u>

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA
SUPPLEMENTARY INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2003

CAPITAL ASSET INFORMATION

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

CAPITAL ASSETS
Schedule of Capital Assets by Source

June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Capital Assets:		
Total fixed assets	\$13,568,484	\$13,317,359
(no breakdown available)		
Total Capital Assets	<u>13,568,484</u>	<u>13,317,359</u>
Investment in Capital Assets by source:		
General Fund	13,568,484	13,317,359
Total Investment in Capital Assets	<u>13,568,484</u>	<u>13,317,359</u>

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA

CAPITAL ASSETS
Schedule of Capital Assets by Function
June 30, 2003

Total	<u>\$13,568,484</u>	<u>\$13,568,484</u>
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NOTE: NO AVAILABLE BREAKDOWN OF CAPITAL ASSETS BY FUNCTION. THE PROGRAM TO PROVIDE THIS FORMAT IS BEING IMPLEMENTED AS SOON AS POSSIBLE.

The notes to the financial statements are an integral part of this schedule.

MADISON PARISH SCHOOL BOARD
Tallulah, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULES
As of and for the Year Ended June 30, 2003

GENERAL

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid to school board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The compensation of school board members is included in the general administrative expenditures of the General Fund. In accordance with Louisiana Revised Statute 17:56, the school board members have elected the monthly payment method of compensation.

**EXPENDITURES OF FEDERAL AWARDS
AND AUDIT FINDINGS RESOLUTION**

In accordance with Office of Management and Budget Circular A-133, schedules of expenditures of federal awards, follow-up and corrective action taken on prior audit findings, and corrective action plans for current year findings are presented.

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

**Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2003**

	<u>AMOUNT</u>
Joe Walk	<u>\$975</u>
Teri Hall	<u>900</u>
Patty Watts	<u>900</u>
Reuben Hayden	<u>900</u>
Margaret Whitney	<u>900</u>
Joseph Candler	<u>7200</u>
Norwyn Johnson	<u>7200</u>
Vera Davis	<u>900</u>
C J Oney	<u>6300</u>
Jack Head	<u>6300</u>
Lee Stubblefield	<u>6300</u>
Percy Livingston	<u>6525</u>
Rhondie Morris	<u>6600</u>
James Williams	<u>6300</u>
Total	<u><u>\$58,200</u></u>

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

Report On Compliance and On Internal Control Over Financial
Reporting Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards*.

Board of Directors
Madison Parish School Board
Tallulah, Louisiana

I have audited the financial statements of Madison Parish School Board as of and for the year ended June 30, 2003, and have issued my report thereon dated December 29, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Madison Parish School Board general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The result of my tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of findings and questioned costs as Findings # 2003-01, 2003-02, and 2003-03.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Madison Parish School Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting, that in my judgment, could adversely affect Madison Parish School Board's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Findings # 2003-01, 2003-02, and 2003-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course

of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I believe since management is aware of the unfinished year end inventory, and is again trying to correct the problem, and the remaining reportable conditions are being corrected, none of the reportable conditions described above is a material weakness.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, Louisiana
December 29, 2003

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

Report On Compliance With Requirements
Applicable To Each Major Program And Internal Control
Over Compliance In Accordance With OMB Circular A-133

Board of Directors
Madison Parish School Board
Tallulah, Louisiana

Compliance

I have audited the compliance of Madison Parish School Board, Tallulah, Louisiana, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. Madison Parish School Board, Tallulah, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Madison Parish School Board, Tallulah, Louisiana's management. My responsibility is to express an opinion on Madison Parish School Board, Tallulah, Louisiana's compliance based on my audit.

I conducted my audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Madison parish School Board, Tallulah, Louisiana's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances. The results of my tests disclosed instances of non-compliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of findings and questioned costs as Findings # 2003-01, 2003-02, and 2003-03. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Madison Parish School Board, Tallulah, Louisiana's compliance with those requirements.

In my opinion, Madison Parish School Board, Tallulah, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003, except for the findings mentioned above.

Internal Control Over Compliance

The management of Madison Parish School Board, Tallulah, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing my audit, I considered Madison Parish School Board, Tallulah, Louisiana's internal control over compliance with requirements that could have direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

My consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over compliance and its operation that I consider to be material weaknesses.

This report is intended for the information of the management, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
Monroe, Louisiana
December 29, 2003

SCHEDULE 15

**MADISON PARISH SCHOOL BOARD
TALLULAH, LOUISIANA**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</u>	<u>FD #</u>	<u>FEDERAL CFDA NUMBER*</u>	<u>PASS- THROUGH GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
United States Department of Agriculture				
Passed through Louisiana Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	2	10.555		692,031 *
School Breakfast Program	2	10.553		203,694
Summer Food	22	10.553		70,796
				<u>966,521</u>
Passed through Louisiana Department of Agriculture and Forestry:				
Food Distribution	2	10.550		58,479
Total United States Department of Agriculture				<u>58,479</u>
United States Department of Education				
Direct programs:				
Passed through Louisiana Department of Education:				
Adult Education - State Grant Prog	41	84.002		26,904
Chapter 1 Programs	17	84.010		90,469
	19	84.010		1,102,113 *
Special Ed Grants	20			269,149
IDEA - Part B	30	84.027		128,768
IDEA - Preschool	31	84.027		128,326
Preschool - Early Childhood	35	84.003		3,398
Special Ed - Preschool	36	84.003		5,383
Preschool - Early Childhood	38	84.005		61,763
Vocational Ed	40	84.048		58,545
Adult Ed	41	84.048		26,904
Drug Free	45	13.982		18,274
Eisenhower	29	84.281		79,516
Library	28			19,538
Goals 2000	27			18,493
Youth Opportunity	25			17,148
Comprehensive	15			81,572
				<u>2,136,263</u>
Total United States Department of Education				<u>2,136,263</u>
Total Expenditures of Federal Awards				<u>3,161,263</u>

* Denotes major program

The accompanying notes are an integral part of this schedule. (See next Page)

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Madison Parish School Board and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements. The accrual basis of accounting is used to present the activity

Madison Parish School Board
Schedule of Findings
June 30, 2003

Prior Year Audit Findings:

Findings Number 2002-01

1. Fixed assets of physical inventory is still not completed as required by
LARS: 39-324

Recommendation:

At year-end a physical inventory should be taken of all assets, reconciling the inventory to the records, which have been established during the year.

Conclusion:

The members of the Board agreed at a regular meeting held on December 17, 2001, and acknowledged the deficiency in the fixed asset inventory. An employee, whose principal duty will be to maintain the inventory, will be hired by July 1, 2002.

Current Status:

Even though the plan is in the implementation process, the physical inventory has not been taken at June 30, 2002

Madison Parish School Board is currently working on establishing a complete fixed assets/inventory operating system with the technical assistance of SOFTWARE AND SERVICES COMPANY. The company provides Madison Parish School System with accounting, payroll, and personnel information systems.

The development of this program slowed in acquiring proper computer instruments for fixed assets record keeping. Also, transferring and converting the previous asset/inventory records is a tedious, enduring task requiring funding and asset codes to be added to each fixed asset item. In addition, these records will be purged to reflect the state's requirement of honoring only items costing \$1000.00 or more as equipment with the exception of 8(g) funded programs.

As of June 30, 2002, Madison Parish School Board records indicated approximately \$672,947 in fixed assets to be added to the approximately \$12,670,186 previously recorded. The resulting total is approximately \$13,343,133.

An accurate fixed assets record should be met during the 2002-2003 fiscal period.

At June 30, 2003, the physical inventory status has yet not been completed. Although, a report was made to the Board per quarter as required, the inventory has not been completed.

See Finding # 2003 as of June 30, 2003.

Findings Number 2002-02

2. The School Lunch Fund account did not balance the general ledger balance in the Special Revenue Funds.

Recommendation:

The subsidiary accounts should always balance the General Fund account.

Conclusion:

This was brought to the manager's attention and has been corrected.

Findings Number 2002-03

3. The Title I accounts have some outstanding accounts payable, which should have been paid before June 30, 2002.

Recommendation:

The transactions for each fund in this account should be entered, posted, and a balance sheet and financial statement should be reported to Mrs. Judy McKnight and checked by her monthly.

The total indirect costs should be paid each time a check is received from the Department of Education.

Conclusion:

The managerial staff and the Board agree and plans to more closely monitor this fund.

See Findings # 2003-02.

Madison Parish School Board
Schedule of Findings
June 30, 2003

Findings Number 2003-01

1. The Louisiana Department of Education requires a financial statement from the School Board (AFR) to be submitted on or before September 30, 2003. The report was not submitted until November, 2003.

Recommendation:

The School Board should comply with the request henceforth.

Conclusion:

Due to a change in office management at June 30, 2003, and no replacement until July 21, 2003, this noncompliance occurred. It has now been corrected and will be timely filed in the future.

Finding Number 2003-02

2. The Title I program was not in balance at June 30, 2003. It appears this work is not being done monthly as required. There were several checks written June 16, 2003, which totaled \$104,000. These checks were not deposited until August 2003 at which time they cleared the bank.

Recommendation:

This work should be done each month as required, and the accounts should be in balance. All checks to pay outstanding amounts should be paid at the time the checks are received from the School Board.

Conclusion:

This problem has been corrected and the Title I bookkeeper henceforth agreed to comply with all the requirements.

Finding Number 2003-03

3. Fixed assets – No ending inventory available as required by LARS:39-324.

Recommendation:

Obviously, the employee has not been able to implement this procedure. An inventory clerk should be appointed to report to management monthly, with a complete physical inventory with all assets listed, showing beginning totals, additions, and deletions for the month, and a complete inventory at the year ending June 30, 2004.

Conclusion:

Employee who is responsible for inventory accounting is in the process of implementing his computer program with the aid of SOFTWARE AND SERVICES COMPANY. This has not been completed due to employee not being educated enough to develop a data-base for the fixed asset program. Many problems with trying to coordinate with the main-frame program have slowed this progress, but they are proceeding slowly. At the final day of the auditor's field work, the employee submitted a statement to management of progress made. Employee was working very hard to obtain an updated physical inventory.

Jimmie Self, CPA
A Professional Accounting Corporation
2908 Cameron Street, Suite C
Monroe, Louisiana 71201
Phone (318) 323-4656 Fax (318) 388-0724

GCL: 51 Communication With Audit Committees

Madison Parish School Board
Tallulah, Louisiana

I have audited the financial statements of Madison Parish School Board for the year ended June 30, 2003, and have issued my report thereon dated December 29, 2003. Professional standards require that I provide you with the following information related to my audit.

My Responsibility under Generally Accepted Auditing Standards

As stated in my engagement letter dated June 30, 2003, my responsibility, as described by professional standards is to plan and perform my audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principals. Because of the concept of reasonable assurance and because I did not perform a detailed examination of all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

As part of my audit, I considered the internal control of Madison Parish School Board. Such considerations were solely for the purpose of determining my audit procedures and not to provide any assurance concerning such internal control.

The audit was performed in accordance with OMB Circular A-133.

My Responsibility under Generally Accepted Auditing Standards and OMB Circular A-133

As stated in my engagement letter dated June 30, 2003, my responsibility, as described by professional standards, is to plan and perform my audit to obtain reasonable, but not absolute, assurance about whether the general purpose financial statements are free of material misstatement. Because of the concept of reasonable assurance and because I did not perform a detailed examination for all transactions, there is a risk that material errors, fraud, or other illegal acts may exist and not be detected by me.

In planning and performing my audit, I considered Madison Parish School Board's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial reporting. I also considered

internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Madison Parish School Board's financial statements are free of material misstatement, tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit. Also in accordance with OMB Circular A-133, I examined, on a test basis, evidence about Madison Parish School Board's compliance with the types of compliance requirements described in the U.S. Office of management and Budget (OMB) Circular 133 Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on Madison Parish School Board's compliance with those requirements. While my audit provides a reasonable basis for my opinion, it does not provide a legal determination on Madison Parish School Board's compliance with those requirements.

A handwritten signature in cursive script that reads "Jimmie Self, CPA".

Jimmie Self, CPA
December 29, 2003